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DEPARTMENT OF EDUCATION
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SUPERINTENDENT OF
PUBLIC INSTRUCTION

TO: Local and Intermediate School District Superintendents, Public School Academy Directors, and Nonpublic School Administrators

FROM: Carol Wolenberg, Deputy Superintendent *CW*

DATE: July 22, 2008

SUBJECT: Don't Lose Valuable Commodity Food Dollars: Responsibilities for Schools Sending Commodities to Manufacturers for Further Processing

Schools are facing challenging times when it comes to purchasing food for their various child nutrition programs. It has come to our attention that not all schools are utilizing United States Department of Agriculture (USDA) commodity food to the fullest extent possible. Districts are leaving inventories of beef, chicken, and cheese at manufacturers and are not arranging for the processing of these commodities into processed products. The purpose of this memorandum is to alert you to (1) the consequences for underutilization of these products and (2) strategies to assist you in taking full advantage of items available for your use.

According to federal regulation 7 CFR part 250.30, the Michigan Department of Education (MDE) has the responsibility for monitoring the commodity inventories held at manufacturers for further processing. No more than a six-month inventory level, based on the state's average monthly usage, is recommended to be on hand. Currently, millions of pounds of 2007/2008 commodity inventory belonging to schools in Michigan remain at manufacturers. These balances are available to be carried over into 2008/2009. Since schools in Michigan are preordering their commodities through the consortia for school year 2008/2009, it will be necessary for each school to order commodities according to its usage level, and to incorporate commodity finished products from the selected manufacturers into its monthly menu cycle.

USDA has issued the following information regarding *Inventory Levels at Further Processors* in the Food Distribution National Policy Memorandum FD-064. "State agencies should work with manufacturers to identify the recipients who are not utilizing their commodity inventory or who have more inventory than they can realistically utilize in a reasonable period of time. The State will transfer underutilized inventory to another recipient who will use it. The recipient losing inventory should not expect compensation for the value of the commodity that is transferred."

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As school food service programs prepare to start the school year 2008/2009, it is important to menu a variety of products from the manufacturers that are processing commodities for schools. It is the responsibility of the school to use commodities effectively to reduce meal costs during the school year. USDA may require MDE to transfer excess balances, so please be certain to order your entire entitlement.

The following are recommendations that can be used by schools to effectively utilize commodities:

- Work with the distributor's representatives regarding commodity products. The distributor utilized by each consortium is identified below:

Great Lakes Consortium (GLC) - Gordon Food Service
School Purchasing and Resource Consortium (SPARC) - SYSCO Food Service
Macomb, Oakland, and Wayne RESA Consortium (MOR) - Van Eerden Food Service

- Know the commodity balances at each manufacturer for your school to avoid having an inventory on hand of raw commodities exceeding six months. Basically, the policy is "use them or lose them."
- Contact your commodity consortium for processing options to assist you in making good choices to manage your commodities.
- Know how many cases of each commodity are needed for the school year based on your usage and planned menu cycle.
- Order commodities from your designated commodity distributor to meet your menu needs to maximize the use of commodities during the current school year.
- Apply for rebates in a timely manner for commodities that are not discounted on the invoices (NOI - net off invoice) from the designated commodity distributor.

To track school balances of raw commodities at each manufacturer, go to the Commodity Usage Reports at the following websites:

www.k12foodservice.com for K-12 Foodservice

<https://processorlink.com> for Processor Link

School food service staff can request a login and password to access the commodity balance information for their school at the home page for each of these websites.

Each school is responsible for ordering commodity products from the designated distributor contracted by the consortium so that the school draws down the raw commodities at each manufacturer.

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Training sessions for the use of the K12 Foodservice and Processor Link websites will be provided prior to the start of the Annual Conference and Trade Show for School Food Service scheduled at the Boyne Mountain Resort on October 23 and 24, 2008. Registration information for this conference will be available at the Grants Coordination and School Support website under "What's New" after September 1, 2008.

If your school district's food service staff requires additional training to use the above websites or needs answers to other commodity questions, please contact Jayme Priest in the Fiscal Management and Food Distribution Unit at (517) 335-3792 or by e-mail at priestj@michigan.gov

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